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DIST. 15 January 1948

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SUPPLEMENT

ORIGIN

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DISTRIBUTION

[illegible]

- 25X1 1. Marshal Sokolovsky's deputy for economic affairs, Koval, has ordered that
contracts for export goods are to be allotted only to SAGs and state-owned
factories.

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25X1 Comment: all reparations orders have been renamed export contracts. Therefore the net effect will be that all reparations orders will be filled in SAGs and state-owned factories.)

Kovel directed that all outstanding orders with private firms be re-allocated. The purpose is to insure secrecy concerning Russian reparations from Germany. The factories have been instructed to install a secret police system under SED control.

2. In order not to lose the production of private industry, all private factories with more than 250 employees are to be socialized. Koval has ordered his assistants to make seizures on any pretext available for this purpose. It is estimated that some 870 factories will be affected by this measure.

25X1 [redacted] Comment: [redacted] a new wave of socializa-
tion in Saxony, Thuringia, and Brandenburg.)

3. In a further effort to prevent any investigation of reoperations, SMA has ordered that all goods now in storage must be shipped to Russia by 31 January 1948. It is estimated that 1,800,000 tons are now in storage and current production is accumulating at a rate of 350,000 tons per month. General Kvashnin has ordered the Reichsbahn to provide an additional 5,000 railroad cars per month for this operation.

Comment: It is not clear to what extent the above figures refer to new production or to dismantled equipment.)

- 25X1 4 [REDACTED] various Russian officials have explained that this operation is necessary because the warehouses are all full. Another reason advanced is the need to meet the demand for goods in Russia resulting from the currency reform and end of rationing.

CLASSIFICATION

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NO CHANGE in Class. ☐

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CENTRAL INTELLIGENCE AGENCY

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Comment:

warehouses
and storage depots are overflowing. a heavy
movement of empty railway cars to the Dresden area to evacuate dismantled
material and industrial products.)

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